

Message Text

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INFO AMEMBASSY MANAGUA

AMEMBASSY GUATEMALA

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AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SAN JOSE 0262

E.O. 11652: GDS

TAGS: PFOR, PGOV, CS

SUBJECT: EIGHTEEN MONTHS OF THE ODUBER GOVERNMENT

THE FOLLOWING IS A SUMMARY OF A COMPREHENSIVE AIRGRAM
REPORT CONTAINED IN SAN JOSE A-5 DATED JANUARY 19, 1976.

BEGIN SUMMARY: DANIEL ODUBER'S PROMISE OF A NEW
POLITICAL DAY FOR COSTA RICA HAS YET TO BE REALIZED AFTER THE
FIRST 18 MONTHS OF HIS 4-YEAR TERM. ALTHOUGH THERE HAS BEEN
PROGRESS IN SOME AREAS, THERE HAS BEEN STAGNATION OR
DETERIORATION IN OTHERS. THE ECONOMY HAS BEEN BESET BY
PROBLEMS, MANY NOT OF ITS OWN MAKING, AND THE GOVERNMENT
HAS CONTINUALLY BEEN FACED WITH CONFLICTS BETWEEN ITS
SOCIAL OBJECTIVES AND ECONOMIC REALITIES. THE ODUBER
GOVERNMENT IS WIDELY VIEWED IN COSTA RICA -- TO SOME EXTENT
UNFAIRLY -- AS ONE THAT IS NOT REALLY COMING TO GRIPS WITH
THE COUNTRY'S MOST PRESSING PROBLEMS AND IT CONTINUES
TO FIND ITSELF IN A CONSTANT UPHILL BATTLE TO IMPROVE
AN IMAGE BADLY TARNISHED BY CHARGES OF CORRUPTION.

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ON THE OTHER HAND, IT HAS MADE PROGRESS IN DEALING WITH

INFLATION AND BALANCE OF PAYMENTS PROBLEMS; IT BROUGHT OFF SUCCESSFUL NEGOTIATIONS WITH THE BANANA COMPANIES TO ACQUIRE UNUSED LAND FOR RESETTLEMENT AND IT IS TAKING OTHER ACTIONS TO HELP THE RURAL SECTOR.

ECONOMIC MEASURES BASED ON THE SOCIAL DEMOCRATIC POLITICAL PHILOSOPHY OF THE ODUBER GOVERNMENT HAVE CAUSED PROBLEMS WITH THE BUSINESS SECTOR. A GRADUAL SLIDE TO THE LEFT IS WIDELY PERCEIVED IN THAT SECTOR AND AMONG THE POLITICAL OPPOSITION. HOWEVER, IN RECENT MONTHS THE ODUBER GOVERNMENT HAS TAKEN STEPS TO COUNTER ITS NEGATIVE IMAGE WITH THE BUSINESS COMMUNITY AND THE MIDDLE CLASS, AND TO STRIKE A MORE BALANCED POSTURE. SIMILARLY, IT HAS TAKEN STEPS TO WARM UP THE INVESTMENT CLIMATE WHICH HAD BEEN ADVERSELY AFFECTED BY THE BANANA WAR, LOOSE TALK ABOUT NATIONALIZATIONS AND DISCRIMINATORY TAXES, AND THE DISILLUSIONMENT OF SOME PENSIONADOS.

IN FOREIGN AFFAIRS, COSTA RICA HAS HAD A VERY GOOD YEAR. FOREIGN MINISTER FACIO HAS PLAYED AN IMPORTANT ROLE IN HEMISPHERIC AFFAIRS AND HAS GIVEN THE U.S. VALUABLE SUPPORT ON MANY CRITICAL AND CONTROVERSIAL ISSUES IN THE UN AND THE OAS. IN U.S./COSTA RICAN BILATERAL RELATIONS, THERE ARE NO SERIOUS PROBLEMS AT THE MOMENT, BUT COSTA RICA WANTS A LARGER MEAT QUOTA FOR NEXT YEAR.

IN INTERNAL POLITICS, ODUBER HAS BEEN PUBLICLY EQUIVOCAL BUT THE PLN RANK AND FILE HAVE OPPOSED EX-PRESIDENT FIGUERES' CALL FOR CONSTITUTIONAL CHANGE TO PERMIT RE-ELECTION OF PRESIDENTS. FIGUERES ALSO CALLED FOR FAR-REACHING INSTITUTIONAL REFORM, BY SUSPENSION OF THE CONSTITUTION IF NECESSARY, AND RUMORS OF A FIGUERES-LED COUP CONTINUED TO SURFACE FROM TIME TO TIME.

1975 SAW NO PROGRESS IN CHANGING THE COSTA RICAN EXTRADITION LAW TO FACILITATE THE RETURN OF FUGITIVE FINANCIER ROBERT VESCO TO THE U.S. FOR TRIAL. REFLECTING, NO DOUBT, VESCO'S CLOSE RELATIONSHIPS WITH CONFIDENTIAL

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INFLUENTIAL COSTA RICANS INCLUDING FIGUERES, THE ODUBER GOVERNMENT CONTINUED TO AVOID AN INTERNAL CONFRONTATION ON THIS MATTER. MEANWHILE, VESCO AND HIS FRIENDS CONTINUED TO ACCUSE THE USG OF PERSECUTION, AND THE VESCO NAME REGULARLY FIGURED IN RUMORS OF NEW LOCAL INVESTMENTS AND ASSORTED CHARGES OF GOVERNMENT CORRUPTION.

THIS REPORT, THEN, OFFERS AN OVERVIEW OF THE
PERFORMANCE OF THE ODUBER ADMINISTRATION IN ITS FIRST
18 MONTHS AND A BENCHMARK FOR THE REMAINDER OF ITS TERM.
THE STATE OF HEALTH OF THIS GOVERNMENT AND SOCIETY AND
THEIR ABILITY SUCCESSFULLY TO DEAL WITH THEIR PROBLEMS
ARE OF CONSIDERABLE IMPORTANCE TO THE UNITED STATES
GIVEN COSTA RICA'S PROMINENT POSITION AS A PRESTIGIOUS
DEMOCRACY IN LATIN AMERICA AND AS AN INDEPENDENT ACTOR
WHICH IS VERY HELPFUL TO THE U.S. IN INTERNATIONAL
AFFAIRS. END SUMMARY.
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